

U.S. Small Business Administration's Loan and Lender Monitoring System (L/LMS)

Lender Portal (Portal) Updates

March 2010

- **June 2009 – Addition of Loan Level Credit Data to Portal and Conversion to Version 6 of Small Business Portfolio Solution (SBPS)**
- **September 2009 – Lender Risk Rating Redevelopment and Portal Enhancement**



Addition of Loan Level Credit Data

Effective with the June 30, 2009 lender portal update, SBA added loan level data to lender files.

- Includes loan level data for all of lender's outstanding loans that have been Disbursed, but not Purchased or Paid-In-Full.
- Includes loan identifier information.
- Reminder: SBPS credit scores are based on third party credit data on business and borrower.
- Excel file in the Lender Portal, accessed through Loan Level Data link.
- Loans are classified into ranges of credit quality to enable lenders to quickly identify riskiest loans and contact those borrowers proactively.
- This loan level data is updated quarterly, along with the rest of the Portal. However, loan level data is deleted each quarter, so lenders should save the file in order to perform quarter to quarter comparisons.



U.S. Small Business Administration

Sample Loan Level File

SBALoanData.asp [Read-Only] - Microsoft Excel

	A	B	C	D	E	F	G	H	I	J	K	L	M
	LenderID	CDC/Bank Name	SBPS Score Range	SBA As of Date	Loan Number	Borrower	Total Outstanding Balance						
1													
2			170-300	2009-09-30			\$199,827						
3			170-300	2009-09-30			\$556,444						
4			170-300	2009-09-30			\$1,882,270						
5			140-169	2009-09-30			\$72,042						
6			140-169	2009-09-30			\$227,069						
7			170-300	2009-09-30			\$257,298						
8			170-300	2009-09-30			\$587,727						
9			170-300	2009-09-30			\$993,998						
10			170-300	2009-09-30			\$390,612						
11			170-300	2009-09-30			\$1,031,387						
12			170-300	2009-09-30			\$656,586						
13			170-300	2009-09-30			\$935,216						
14			170-300	2009-09-30			\$518,426						
15			140-169	2009-09-30			\$751,753						
16			170-300	2009-09-30			\$512,930						
17			170-300	2009-09-30			\$139,155						
18			170-300	2009-09-30			\$461,566						
19			170-300	2009-09-30			\$149,320						
20			170-300	2009-09-30			\$567,009						
21			170-300	2009-09-30			\$1,958,378						
22			170-300	2009-09-30			\$683,944						
23			170-300	2009-09-30			\$456,841						
24			170-300	2009-09-30			\$159,138						
25			170-300	2009-09-30			\$154,347						
26			170-300	2009-09-30			\$47,489						
27			170-300	2009-09-30			\$203,694						
28			170-300	2009-09-30			\$177,249						
29			170-300	2009-09-30			\$454,819						
30			170-300	2009-09-30			\$843,063						
31			170-300	2009-09-30			\$177,735						
32			140-169	2009-09-30			\$301,885						
33			170-300	2009-09-30			\$541,324						
34			140-169	2009-09-30			\$174,072						
35			170-300	2009-09-30			\$374,835						
36			170-300	2009-09-30			\$1,630,263						
37			170-300	2009-09-30			\$1,098,595						
38			170-300	2009-09-30			\$398,891						
39			170-300	2009-09-30			\$244,981						
40			000-138	2009-09-30			\$142,388						



Conversion to Version 6 of Small Business Portfolio Solution (SBPS)

- **Effective with the June 30, 2009 update, SBPS loan credit score model was updated to Version 6.**
- **Continues to credit score based on combination of commercial and consumer (principal borrower) credit data collected from third parties.**
- **SBPS Version 6 improves on previous models by increasing the number of both commercial and consumer credit scorecards upon which the SBPS credit score is determined.**
- **Version 6 has been tested and is already being used by some lenders.**



Conversion to Version 6 of Small Business Portfolio Solution (SBPS) Cont'd

- **Scaling remains the same (1 - 300, with 300 the best score); however, enhancements to the model better reflect differences in credit quality, particularly at the high end of scores. As a result, the average SBPS score has risen by about 6-7 points over scores from prior quarters using SBPS Version 5.**
- **Because of the slight change in average SBPS scores with v.6, SBA recalculated the ranges of loan credit quality in the Portal -- here is the change:**

	<u>As of 06-30-09</u>	<u>Prior to 06-30-09</u>
- LOWER RISK	7(a): 200 or higher	7(a): 180 or higher
- MODERATE RISK	7(a): 160 – 199	7(a): 140 – 179
- HIGHER RISK	7(a): 159 or below	7(a): 139 or below
- LOWER RISK	504: 170 or Higher	504: 170 or Higher
- MODERATE RISK	504: 140 – 169	504: 130 – 169
- HIGHER RISK	504: 139 or below	504: 129 or below



Lender Risk Rating Redevelopment and Portal Enhancement

- **Effective with the September 30, 2009 quarterly update, SBA has implemented a redeveloped Lender Risk Rating. This redevelopment was described in a Federal Register notice on March 1, 2010. The notice also provides interested parties with the opportunity to comment on the changes to the Risk Rating system.**
- **The redevelopment is in keeping with industry best practices to test and revise models every 3-5 years to keep up with changing program and economic conditions. Original risk rating model was developed in 2005.**
- **This is an updated version of the same LRR model, using the same outcome to measure risk (the likelihood of a Lender's purchases over the next 12 months) and the same risk rating scale (1-5).**



Lender Risk Rating Redevelopment and Portal Enhancement (cont'd)

- **However, SBA's loan portfolio has changed since the original model was developed. For example, SBA Express has become a much more significant part of the 7(a) program. Therefore, as part of the redevelopment, a number of factors were tested to determine which factors in combination are most predictive of risk as measured by the purchase outcome. The testing process resulted in some factors being added as components of lender risk ratings, some factors being dropped, and some factors being retained.**
- **A total of eleven factors for 7(a) and six for 504 were found to be most predictive, in combination, and were thus used for the respective redeveloped Lender Risk Ratings.**
- **For detailed definitions of the factors and their calculations, please see the definitions document in the Lender Portal or the Federal Register notice.**

7(a) factors:

1. Past 12-Month Purchase Rate – same factor as earlier model.
2. 6 Month Liquidation Rate – liquidation rate over the previous six months.
3. Gross Delinquency Rate – gross delinquency rate as of the rating date.
4. Gross Past Due Rate – gross past due rate as of the rating date.
5. 6 Month Net Flow Indicator – measure of net cash flow for the previous six months; if positive the factor is turned on or used, if negative the factor is zero or unused.
6. Average SBPS – same factor as used in earlier model for 504 risk ratings.
7. Projected Purchase Rate (PPR) - same factor as earlier model.
8. Dollar Weighted Average Financial Stress Score (FSS) - Commercial score on the probability of the business staying in business.

7(a) factors (cont'd):

9. PLP Percent – percent of portfolio dollars that are PLP.
10. SBA Express Percent - percent of portfolio dollars that are SBAExpress.
11. Portfolio Size/Age Segment - average age of loans and relative portfolio size. Results demonstrated portfolio performance variation by size and age (e.g., young and growing versus older, stable portfolios), so the model includes size and age as a component factor based on three segments:
 - a) \leq \$4 million SBA share outstanding -- lesser risk
 - b) $>$ \$4 million SBA share outstanding & $>$ 30 months average loan age
 - c) $>$ \$4 million SBA share outstanding & \leq 30 months -- greater risk



Lender Risk Rating Redevelopment and Portal Enhancement (cont'd)

Note: The original Risk Ratings compared 7(a) lenders to the average of their peer group. The new Risk Ratings compare lenders to the performance of the overall 7(a) portfolio. However, a lender's portfolio size and average loan age are taken into account with the Portfolio Size/Age Segment factor.

Note: The original Risk Ratings compared 504 lenders to the performance of the 504 portfolio, as does the new Risk Ratings. In addition, a CDC's portfolio age is taken into account with the Low Month on Book Indicator factor.

504 Factors:

1. Past 12-Month Purchase Rate - same factor as earlier model.
2. 6 Month Delinquency Rate - delinquency rate over the previous six months.
3. Gross Delinquency Rate - gross delinquency rate as of the rating date.
4. Gross Past Due Rate - gross past due rate as of the rating date.
5. Average SBPS - same factor as earlier model.
6. Low Month on Book Indicator: This factor is targeted for CDC's with an average loan age of 30 months or less. These rapidly growing CDC's, perform differently than other CDCs. If this lender's average loan age is 30 or less, then this factor is turned on or used, and if it is not this factor is zero.



Lender Risk Rating Redevelopment and Portal Enhancement (cont'd)

SBA Lender Information Portal - CDC Small Business F - Windows Internet Explorer

Download (XLS) | Print Friendly | Back To Results | Home | Loan Level Data | Logout

For definitions on fields below please [click here](#)

SITE INFORMATION	Current Quarter Sep 30 2009	1 Qtr Ago Jun 30 2009	2 Qtrs Ago Mar 31 2009	3 Qtrs Ago Dec 31 2008
Date All Data is 'As-Of' at SBA Portfolio (7a or 504 Program)				
Lender FIRS ID Number				
Lender Name				
Lender City				
Lender State				
Number of SBA Loans Outstanding				
Gross Dollars Outstanding				
SBA Share Dollars Outstanding				
Lender Peer Group				

	Current Quarter			1 Qtr Ago			2 Qtrs Ago			3 Qtrs Ago	
	Lender	Peer Group	Portfolio	Lender	Peer Group	Portfolio	Lender	Peer Group	Portfolio	Lender	Peer Group
<u>RATING COMPONENTS</u>	<u>RESULTS</u>	<u>AVERAGE</u>	<u>AVERAGE</u>	<u>RESULTS</u>	<u>AVERAGE</u>	<u>AVERAGE</u>	<u>RESULTS</u>	<u>AVERAGE</u>	<u>AVERAGE</u>	<u>RESULTS</u>	<u>AVERAGE</u>
6 Month Liquidation Rate (7a Only)	2.5%	4%	4%	1.8%	3.1%	3.4%	1.4%	2.5%	2.8%	1.0%	2.1%
6 Month Net Flow Indicator (7a Only)	0			0			0			0	
Dollar Weighted Ave FSS (7a Only)	1337.5	1298	1292.8	1421.1	1407.7	1406	1431.1	1413.9	1407.2	1385.9	1366.3
Gross Delinquency Rate	4.4%	3.9%	3.9%	3.6%	3.6%	3.8%	3.1%	3.4%	3.6%	1.9%	2.5%
Gross Past Due Rate	0.4%	0.4%	0.4%	0.6%	0.4%	0.4%	0.4%	0.4%	0.4%	0.2%	0.3%
Last 12 Month Purchase Rate	2.9%	3.8%	3.7%	1.9%	2.8%	3%	1.6%	2.2%	2.4%	1%	1.6%
PLP Percent (7a Only)	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Projected Purchase Rate (7a Only)	0.6%	1%	1.1%	0.7%	1%	1.1%	0.4%	1.4%	1.4%	0.6%	0.8%
SBA Express Percent (7a Only)	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Dollar Weighted Average SBPS	193.6	191.4	190.8	194.2	191.7	191	197.6	194.2	192.7	196.6	194.5
Low Month On Book Indicator (504 Only)	0			0			0			0	
6 Month Delinquency Rate (504 Only)	3.8%	3.6%	3.7%	3.1%	3.3%	3.5%	2.1%	2.6%	2.9%	1.5%	2.1%

Current Quarter | 1 Qtr Ago | 2 Qtrs Ago | 3 Qtrs Ago



Lender Risk Rating Redevelopment and Portal Enhancement (cont'd)

SBA Lender Information Portal - CDC Small Business F - Windows Internet Explorer											
Live Search											
File Edit View Favorites Tools Help											
Home Print Page Tools											
Low Month On Book Indicator (504 Only)	0			0			0			0	
6 Month Delinquency Rate (504 Only)	3.8%	3.6%	3.7%	3.1%	3.3%	3.5%	2.1%	2.6%	2.9%	1.5%	2.1%
PREVIOUS SBA LENDER RISK RATING	Current Quarter			1 Qtr Ago			2 Qtrs Ago			3 Qtrs Ago	
RATING COMPONENTS	2			2			2			1	
[Past Performance & Current Credit Risk]	Lender RESULTS	Peer Group AVERAGE	Portfolio AVERAGE	Lender RESULTS	Peer Group AVERAGE	Portfolio AVERAGE	Lender RESULTS	Peer Group AVERAGE	Portfolio AVERAGE	Lender RESULTS	Peer Group AVERAGE
Past 12 Month Actual Purchase Rate				1.9%	2.8%	3%	1.6%	2.2%	2.4%	1%	1.6%
Problem Loan Rate				4.4%	4.6%	4.9%	3.4%	3.7%	4.0%	1.6%	2.5%
3-Month Change in SBPS Scores (7a only)				0.1%	0.0%	0.1%	-5.2%	-3.4%	-3.5%	-3.7%	-2.5%
Projected Purchase Rate (7a only)				0.7%	1%	1.1%	0.4%	1.4%	1.4%	0.6%	0.8%
SBPS Score AVG (504 only)				194.2	191.7	191	197.6	194.2	192.7	196.6	194.5
ADDITIONAL RATING FACTOR(S)	N/A			N/A							
Additional Performance Ratios	Current Quarter			1 Qtr Ago			2 Qtrs Ago			3 Qtrs Ago	
[Not Rating Components]	Lender RESULTS	Peer Group AVERAGE	Portfolio AVERAGE	Lender RESULTS	Peer Group AVERAGE	Portfolio AVERAGE	Lender RESULTS	Peer Group AVERAGE	Portfolio AVERAGE	Lender RESULTS	Peer Group AVERAGE
Past 12 Month Actual Charge-Off Rate	0.4%	1.1%	1.1%	0.3%	1.0%	1.2%	0.2%	1.0%	1.2%	0%	0.9%
Deferment Rate	2.9%	3.2%	3.3%								
Adjusted 12 Month Purchase Rate (excludes prior 12 month loan originations)	3.4%	4.4%	4.4%								
SBPS Score Breakdown	Current Quarter			1 Qtr Ago			2 Qtrs Ago			3 Qtrs Ago	
[Not Rating Components]	Lender RESULTS	Peer Group AVERAGE	Portfolio AVERAGE	Lender RESULTS	Peer Group AVERAGE	Portfolio AVERAGE	Lender RESULTS	Peer Group AVERAGE	Portfolio AVERAGE	Lender RESULTS	Peer Group AVERAGE
Lower Risk	84.3%	81.7%	81.0%	83.8%	81.1%	80.5%	79.7%	75.9%	75.1%	81.7%	78.0%
Moderate Risk	11.3%	13.1%	13.6%	11.4%	13.2%	13.7%	15.9%	18.7%	19.4%	14.6%	17.6%
Higher Risk	4.2%	5.1%	5.2%	4.6%	5.5%	5.7%	4.2%	5.2%	5.4%	3.5%	4.3%
Net Flows Information	Current Quarter			1 Qtr Ago			2 Qtrs Ago			3 Qtrs Ago	
[Not Rating Components]	Lender RESULTS	Peer Group AVERAGE	Portfolio AVERAGE	Lender RESULTS	Peer Group AVERAGE	Portfolio AVERAGE	Lender RESULTS	Peer Group AVERAGE	Portfolio AVERAGE	Lender RESULTS	Peer Group AVERAGE
Fees	\$1,463,069	\$231,819	\$73,053	\$2,322,531	\$395,262	\$121,820	\$3,269,114	\$513,076	\$154,779	\$2,721,745	\$442,988
Purchases	-\$19,875,859	-\$2,782,438	-\$756,400	-\$18,763,268	-\$4,123,731	-\$1,224,300	-\$8,665,859	-\$1,700,193	-\$518,597	-\$11,433,885	-\$1,708,882
Recoveries	-\$2,241,825	-\$85,957	-\$15,816	\$980,873	-\$141,320	-\$48,617	\$412,476	-\$23,238	\$685	\$4,416,936	\$264,343
Net Flow (Current)	-\$20,654,614	-\$2,636,576	-\$699,163	-\$15,459,863	-\$3,869,790	-\$1,151,096	-\$4,984,268	-\$1,210,355	-\$363,133	-\$4,295,203	-\$1,001,550
Net Flow (Cumulative)	\$6,343,807	-\$8,208,532	-\$2,940,139	\$26,998,422	-\$4,838,816	-\$2,065,839	\$42,458,285	-\$969,026	-\$919,793	\$47,442,554	\$241,329
Net Yield (Cumulative)	0.2%	-1.7%	-1.9%	0.9%	-1%	-1.4%	1.7%	-0.2%	-0.7%	1.7%	0.1%



Lender Portal Access

How does an SBA field employee gain access to the Lender Portal?

Currently there are several people in each District Office or Center with access to the Lender Portal.

If you are in a District Office and want access to the Portal, have the District Director (you must be sponsored by the DD) send Melinda Williamson of OFO an e-mail requesting that you be given access to the Portal. (Center Directors must send their request to Steven Kucharski of OFA.)

Melinda Williamson will forward the request to OCRM. Ehsan Rahman of OCRM will have D&B add the new user during the next regular update.

When added, D&B will send the user an e-mail with their initial password.

NOTE: Once a District or Center Director has requested access to the Portal for an employee, they have assumed all responsibility for proper Portal security and data handling. Finally, the Directors are responsible for letting OCRM know when an employee's access to the Portal should be terminated because they left SBA or for any other reason.

How does a Lender gain access to the Lender Portal?

Instructions on how 7(a) lenders and 504 CDCs can apply for access to the Lender Portal are on the log-in page to the Lender Portal:

<https://pdp.dnb.com/pdpsba/pdplogin.asp>